GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:4437
ANSWERED ON:21.04.2003
SUBSIDY FOR RURAL INDUSTRIES
PRAHLAD SINGH PATEL

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether the Government have fixed any subsidy for the rural industries;

(b) if so, the details thereof;

(c) whether such rural industries can also be started through voluntary organizations with loans or grants provided by the Department/Government; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF AGRO AND RURAL INDUSTRIES(SHRI SANJAYA BHAI GAUTAM)

(a): Yes, Sir.

(b): The Government of India extends subsidy to Rural Industries as under :-

(i) Interest Subsidy for availing finance from the banks for promoting Khadi and polyvastra. Under this, Interest Subsidy Eligibility Certificates are issued to implementing agencies against which they avail of funds from banking institutions. The agencies are to pay only 4% interest and the difference of 4% and actual lending rate is being provided as subsidy by Government.

(ii) Subsidy in the form of sales rebate for the benefit of khadi and ploy vastra. For promoting khadi and ploy vastra sales, for enhancing the market avenues, rebate on sales is provided from time to time.

(iii) Margin Money assistance for setting up of rural industries upto 25 percent of project costing upto Rs. 10.00 lakhs (30 percent in the case of weaker section) and 10 percent over and above Rs. 10 lakhs upto Rs. 25 lakhs.

(c) & (d): As far as Khadi programme is concerned, the same is implemented by the voluntary organizations and assistance is provided to them based on agreed programmes. While rebate is provided based on target agreed for sales against which actual sales effected, the interest subsidy eligibility certificate is provided to the institutions, after making assessment of their fund requirement, to avail of funds from banks. As far as margin money is concerned, the voluntary agencies can prepare project reports and submit to the branches of Public Sector Scheduled Commercial Banks for considering funding with the margin money component.